

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-09 IO-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-02 RSC-01 PRS-01 SP-02

SS-15 USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00

XMB-04 OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01 /118 W

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R 161333Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7279

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION GENEVA

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY BELGRADE

AMEMBASSY ATHENS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TUNIS

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY ANKARA

AMEMBASSY RABAT

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E.O. 11652: N/A

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TAGS: ELAB, GW

SUBJECT: LABOR MARKET STATISTICS FOR DECEMBER 1974

REF: BONN 19549, 19235, ,

1. SUMMARY. AS OF MID-DECEMBER, 945,900 WORKERS, 4.2 PERCENT OF THE LABOR FORCE, WERE UNEMPLOYED. FOREIGN WORKERS, YOUTH AND WOMEN WERE ESPECIALLY AFFECTED. EFFORTS BY EMPLOYERS TO PREVENT FURTHER DISMISSALS LED TO A DRAMATIC INCREASE IN THE NUMBER OF WORKERS ON SHORT-TIME. PUBLIC RESPONSE BY POLITICAL AND LABOR LEADERS WAS RESTRAINED, BUT POTENTIAL POLITICAL CONSEQUENCES OF RISING UNEMPLOYMENT SHOULD NOT BE UNDERESTIMATED. END SUMMARY.

2. ON JANUARY 9, THE FEDERAL EMPLOYMENT SERVICE REPORTED THAT IN DECEMBER 945,900 WORKERS WERE UNEMPLOYED. AT 4.2 PERCENT, THIS IS THE HIGHEST RATE OF UNEMPLOYMENT FOR DECEMBER SINCE 1958. IN REALITY HOWEVER, LABOR MARKET CONDITIONS ARE EVEN WORSE: THE FEDERAL EMPLOYMENT SERVICE'S UNEMPLOYMENT REPORTS ARE USUALLY BASED ON STATISTICS COLLECTED AT THE END OF THE MONTH, BUT THE LATEST REPORT WAS BASED ON STATISTICS COLLECTED IN MID DECEMBER. WHITE-COLLAR WORKERS ARE DISMISSED NORMALLY AT THE END OF A QUARTER AND MANY OTHER WORKERS ARE DISMISSED AT THE END OF A MONTH. THEREFORE THIS REPORT OMITTS NUMEROUS WORKERS WHO PRESUMABLY LOST THEIR JOBS AT THE END OF DECEMBER. ALSO, IN AN EFFORT TO COMBAT RISING UNEMPLOYMENT, THE FEDERAL EMPLOYMENT SERVICE AND THE MINISTRY OF LABOR HAVE URGED EMPLOYERS TO KEEP AS MANY WORKERS ON THE PAYROLL AS POSSIBLE BY OFFERING SHORT-TIME WORK. IN DECEMBER THE NUMBER OF WORKERS ON SHORT-TIME INCREASED 52.4 PERCENT OVER THE PREVIOUS MONTH TO REACH 703,300, A RECORD FOR THE FRG. THE FEDERAL EMPLOYMENT SERVICE HAS ALSO RECEIVED APPLICATIONS TO PLACE AN ADDITIONAL 297,000 WORKERS ON SHORT-TIME.

3. IN ADDITION TO FOCUSING ON THE LARGE NUMBER OF PARTIALLY EMPLOYED WORKERS, THE FEDERAL EMPLOYMENT SERVICE AND THE NEWS MEDIA HAVE DRAWN ATTENTION TO THE ESPECIALLY HIGH RATE OF UNEMPLOYMENT AMONG FOREIGNERS, YOUTH AND WOMEN. AMONG FOREIGN WORKERS, 134,700 OR 5.4 PERCENT WERE UNEMPLOYED. HARDEST HIT BY DECLINING JOB OPENINGS HAVE BEEN WORKERS UNDER 20. AS OF SEPTEMBER, JOBLESSNESS AMONG THIS AGE GROUP HAD INCREASED 230 PERCENT OVER THE PREVIOUS SEPTEMBER. WITH 100,000 OUT OF WORK, THE UNEMPLOYMENT RATE FOR THOSE BETWEEN 15 AND 20 WAS 4.7 AS OF MID-DECEMBER.

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THE RATE FOR MEN OF ALL AGES WAS 3.9 PERCENT BUT 4.6
FOR WOMEN.

4. THE PATTERN OF UNEMPLOYMENT BY INDUSTRY AND PRO-
FESSION REMAINS RELATIVELY UNCHANGED: METAL AND ELEC-
TRONICS 161,000; CONSTRUCTION, 140,500; OFFICE AND MANA-
GERIAL, 97,200; TRANSPORTATION, 84,900; AND SALES,
61,400. 150,300 OF THOSE ON SHORT-TIME WERE EMPLOYED
IN THE AUTOMOBILE INDUSTRY.

5. THE NUMBER OF JOB OPENINGS CONTINUED TO DECLINE ON
A SEASONALLY ADJUSTED BASIS AND ABSOLUTELY AND HAVE NOW
DECREASED TO 193,687.

6. BY REGION, UNEMPLOYMENT VARIES FROM 5.5 PERCENT IN
UPPER BAVARIA, RHINELAND-PALATINATE AND SAARLAND TO 2.7

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PERCENT IN BADEN-WUERTTEMBERG. AMONG THE LARGE CITIES COLOGNE LEADS WITH 3.9 PERCENT COMPARED WITH 2.4 PERCENT IN FRANKFURT. THE UNEMPLOYMENT RATE IN POLITICALLY IMPORTANT NORTH RHINE-WESTPHALIA IS 4.3 PERCENT, BUT IN ITS RUHR CITIES OF GELSENKIRCHEN AND RECKLINGHAUSEN, THE RATES ARE 6.3 AND 5.3 RESPECTIVELY.

7. RISING UNEMPLOYMENT IN THE FRG IS ALWAYS ACCOMPANIED BY SPECULATION ON ITS POLITICAL CONSEQUENCES. SO FAR REACTION BY THE OPPOSITION HAS BEEN RESTRAINED. CDU/CSU SPOKESMAN DR. ERNST MUELLER-HERMANN SAID THAT "FURTHER DEVELOPMENTS DEPEND UPON WHETHER THE COALITION AND THE FEDERAL GOVERNMENT WILL BE ABLE TO CREATE A NEW CLIMATE OF TRUST WHICH WILL ENCOURAGE THE SELF-HEALING POWER OF THE ECONOMY. HOWEVER, CONTINUING STRUGGLES WITHIN THE COALITION AND THE NEW LONG-TERM PROGRAM OF THE SPD MAKE SUCH EXPECTATIONS APPARENTLY HIGHLY THEORETICAL." TWO CDU/CSU MEMBERS OF THE PARLIAMENT HAVE ASKED THE GOVERNMENT TO EXPLAIN WHY THE FEDERAL EMPLOYMENT SERVICE USED MID-DECEMBER STATISTICS FOR THE UNEMPLOYMENT REPORT RELEASED ON JANUARY 9, IMPLYING THAT THE GOVERNMENT HAD INFLUENCED THE FEDERAL EMPLOYMENT SERVICE TO WITHHOLD END OF THE YEAR STATISTICS WHICH WOULD HAVE SHOWN THAT THE NUMBER OF UNEMPLOYED HAD EXCEEDED ONE MILLION.

8. TRADE UNION REACTIONS CONTINUE TO BE CIRCUMSPECT. THE DGB RELEASED A BULLETIN SAYING "THE RECENT SHARP INCREASE IN THE NUMBER OF UNEMPLOYED IN DECEMBER OF THE PAST YEAR IS PROOF FOR THE DGB THAT THE "KONJUNKTURPRO-

GRAMM" OF THE FEDERAL GOVERNMENT IS ABSOLUTELY NECESSARY AND WAS PASSED AT THE LAST MINUTE" AND CALLING UPON THE GOVERNMENT "TO DO EVERYTHING POSSIBLE TO MAKE THE PROGRAM WORK AS FAST AS POSSIBLE."

9. IN CONTRAST TO THE SOBER RESPONSE TO RISING UNEMPLOYMENT BY THE POLITICAL PARTIES AND LABOR UNIONS, A NEW ORGANIZATION WITH A SHARPER TONGUE HAS EMERGED. AN ARTICLE IN THE DECEMBER 23, 1974 ISSUE OF FRANKFURTER ALLGEMEINE ZEITUNG (FAZ) REPORTS THE FOUNDING OF THE "GERMAN SOCIETY OF THE UNEMPLOYED" (INTERESSENGEMEIN-UNCLASSIFIED

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SCHAFT DER ARBEITSLOSEN DEUTSCHLANDS). ACCORDING TO THE FAZ, THE NEW SOCIETY DISTRIBUTED LEAFLETS DEMANDING THAT PUBLIC OFFICIALS REDUCE UNEMPLOYMENT, GRANT CHRISTMAS BONUSES, REDUCE TAXES FOR UNEMPLOYED WORKERS AFTER REEMPLOYMENT, AND PROVIDE FREE PUBLIC TRANSPORTATION, AND THAT UNEMPLOYMENT NOT LEAD TO REDUCED RETIREMENT BENEFITS. THE DGB WAS ALSO ATTACKED FOR LEAVING THE UNEMPLOYED IN THE LURCH WHILE FIGHTING ONLY FOR HIGHER WAGES AND MORE VACATIONS. REPORTEDLY THE SOCIETY HAS COLLECTED 5,000 SIGNATURES OF SUPPORT IN THE RHEIN-MAIN AREA.

10. COMMENT. ALTHOUGH PUBLIC RESPONSE BY OPPOSITION AND TRADE UNION LEADERS TO THE LATEST UNEMPLOYMENT STATISTICS WAS RESTRAINED, THE POTENTIAL POLITICAL CONSEQUENCE OF RISING UNEMPLOYMENT SHOULD NOT BE UNDERESTIMATED. HIGH UNEMPLOYMENT COULD PLAY A CRUCIAL ROLE IN THE NORTH RHINE-WESTPHALIA MAY 4 ELECTION, ESPECIALLY SINCE GOVERNMENT EFFORTS TO CREATE JOBS ARE NOT EXPECTED TO SHOW MEANINGFUL RESULTS BEFORE SUMMER. END COMMENT.
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